



November

November 7, 2017

Protecting your identity

In September, Equifax, one of the three major credit bureaus in the United States, announced that the company had been the target of a massive data breach. As a result of the breach, an estimated 143 million Americans have had their information exposed. In light of this massive security issue, here are a few ways you can minimize the risk of having your identity compromised.



Regularly monitor your credit

You can get one free annual credit report from each of the three main credit bureaus (Experian, Equifax, and Transunion). It will likely be wise to space out when you receive the reports from each of the three agencies in order to help you catch any fraudulent activity throughout the year.



Regularly check accounts

Be sure to frequently check your bank statements and other personal information. If possible, enable automatic notifications to be alerted whenever suspicious activity occurs in your accounts.



Freeze your credit

Freezing your credit makes it difficult for thieves to open accounts and take out loans in your name. According to the Federal Trade Commission, a freeze on your credit will make it significantly more challenging for thieves to utilize your personal information, because many creditors require credit reports to issue loans and approve new accounts. You are still able to receive your free annual credit report when you freeze your credit, and when the time comes for any creditor to review your history, you can simply remove the freeze.



Use complex passwords

Utilize complex passwords to minimize the possibility of your accounts getting hacked. Additionally, put encryption methods on your mobile device to ensure security in the event of loss or theft.



Utilize anti-virus software

By utilizing anti-virus software, you can better protect yourself from invasive software that can steal your information.

The market at a glance

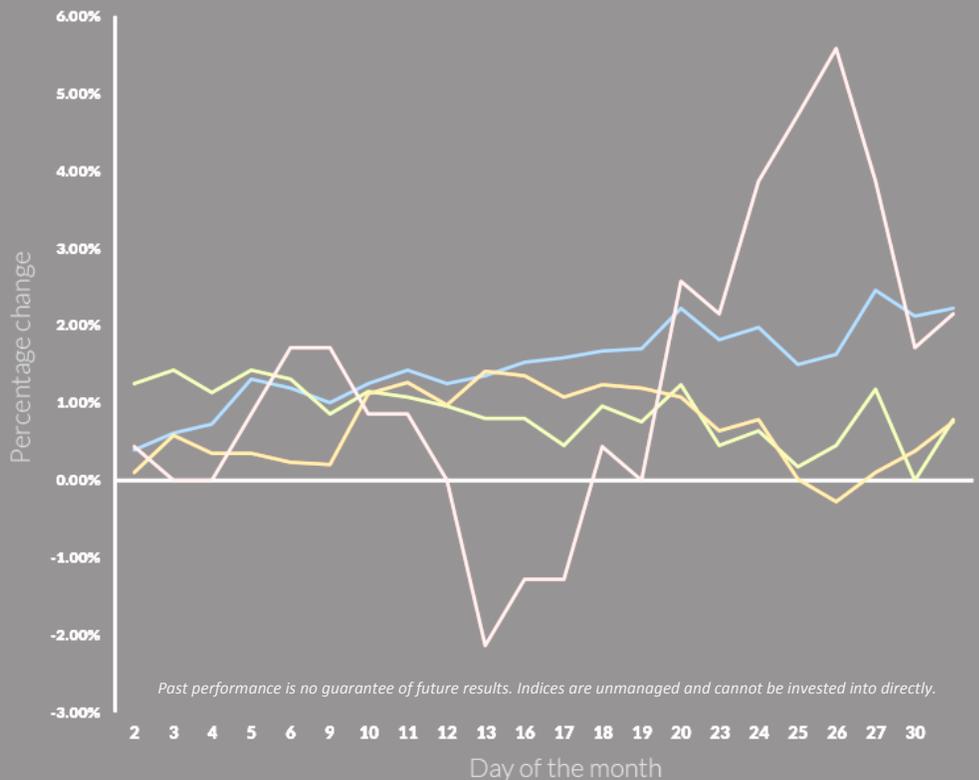
October

U.S. Large Cap
(S&P 500)
2,575.26 (2.22%) ▲

U.S. Mid/Small
(Russell 2000)
1,502.53 (0.78%) ▲

International Large
(NYSE International 100)
5,685.25 (0.75%) ▲

U.S. Treasuries
(U.S. 10-year Treasury yield rate)
2.38 (2.15%) ▲



The market in action

- In light of its booming popularity, Netflix announced that it plans to spend up to \$8 billion on content in 2018, an increase of 33 percent from 2017. Netflix now has an estimated 109 million subscribers, up from 86 million at this time last year.
- Shares of Amazon climbed about 15 percent in October behind reports of the company outpacing earnings expectations. Additionally, Amazon now reportedly owns a website domain that indicates the company is looking to break into pharmaceuticals.
- The Government Accountability Office has called for a comprehensive review of the American retirement system. The nonpartisan committee attributed this decision to the major changes that have taken place in retirement funding throughout the 40 years since the last comprehensive review, mainly the switch from pensions to self-directed accounts.
- Google announced a new line of wireless earbuds that, in addition to other features, can translate 40 different spoken languages between two speakers within seconds.
- Jobless claims have fallen to their lowest levels in over 44 years, according to a recent report from the Labor Department.
- The Metropolitan Transportation Authority is phasing out the MetroCard in favor of a more modern way of paying. The new payment method is said to be modeled after the system currently in place in the London Underground. The switch will begin in 2018 with full implementation slated for 2020.
- Social Security is set to implement its third-highest increase in eight years in 2018. The increase is a two percent cost-of-living adjustment and will apply to about 66 million Americans.

How money affects couples

It is no secret that money is a hot-button issue for most couples. Discussing finances can be uncomfortable, and some couples may avoid these conversations altogether. Financial issues may also cause some to avoid marriage entirely as individuals may be worried about sharing debts and assets or justifying their ingrained spending habits to each other.

Whether you are recently married, celebrating an anniversary, or simply thinking about taking the next step in your romantic (and financial) life, consider these suggestions to the common financial challenges that most couples face.

If you marry your financial opposite

While most people say they want to find a mate that has similar spending habits to their own, what we want and what we choose may be vastly different. Some research suggests that when it comes to spenders and savers, opposites attract. This could be attributed to the fact that we sometimes seek out those who have opposite characteristics of what we find unappealing about ourselves. Regardless of the reason, if you find yourself a spender married to a saver, it can quickly lead to conflict.

On a positive note, compromising on personal spending habits can lead to healthy, moderate spending habits as a couple. By setting common spending goals together and establishing a system for working toward those goals, you can focus on something beyond the everyday sacrifices or splurges you try to avoid. The important thing is to set a clear budget that keeps both of you accountable to something other than each other.

If one of you makes more money

It would be rare to meet a couple who made the same amount of money; chances are,

either you or your spouse are pulling in the larger income. Whether the discrepancy is small or large, a difference in pay could cause tensions in how money is saved, spent, and earned.

It is important to remember, however, that whether you are the higher earning spouse or not, you both ultimately share responsibility for your family. Your importance to your family and the role you play in your loved ones' lives is not completely tethered to your paycheck.

If you enter marriage with a hefty combined debt

For Millennials, this is becoming more and more common. According to a Federal Reserve Report, approximately 40 percent of adults under the age of 30 have student loan debt, averaging \$32,731 per borrower. That means that Millennials may be starting their marriages with about \$65,000 in debt, and with the average cost of a wedding exceeding \$35,000 in 2016, getting married may put you even further in the hole.

Unfortunately, this debt burden may be scaring Millennials off from marriage altogether. According to a 2013 survey by the American Student Assistance, 29 percent of Millennials said they have postponed marriage to deal with their student debt. Conversations about debt may range from whether you will pay off your debt separately or together to how much should be spent on a fancy ceremony or new home. By establishing "debt goals," you can make sure both you and your future spouse are on the same page and that you start your life together with a plan to reduce your loans in the future.

If your marriage is the victim of financial infidelity

One in three adults who have combined their finances in a relationship admitted to lying about a financial issue, according to the National Endowment for Financial Education.

While lying about money may be relatively common, these “little” money lies truly do matter; 76 percent of those who lied about a financial issue said that it affected their relationship. To avoid letting financial infidelity get the best of your relationship, it is important to talk with your spouse about what each of you considers financial infidelity. Something that one of you sees as a minor financial setback may sound like a financial disaster to the other. Establishing financial thresholds from the beginning can keep you both aligned on budgeting goals and foster better transparency when setbacks do occur.

If you are reluctant to combine finances

If your spouse does not want to combine your finances right after your wedding, it may make you feel like they do not trust you. Try to remember that there is no unilateral approach to finances, and there may be practical reasons for keeping your finances separated. If this is the case, one option is to have both joint and separate accounts until you find out which works better in your marriage. If you are hesitant to merge finances, you may find comfort in the fact that there are certain aspects of your financial life that will not merge when you get married. For example, your credit report is yours and yours alone (although if you apply for a home loan or a joint account, both of your scores will be considered).

The most important thing to realize is that disagreements over money are often manifestations of deeper communication struggles. Money represents complex feelings for a lot of people — feelings about power, trust, or self-esteem that may be masked in a fight over your shopping budget for the month. Just recognizing which of these common

issues may be causing friction is a key first step in resolving these common interpersonal challenges. The positives of transparent financial communication can impact far more than just your new joint checking account.

A note from George

*“Our prosperity as a nation depends upon the personal financial prosperity of each of us as individuals”
- George Clason, author The Richest Man In Babylon*

Record Breaking Continues

There are five elements pushing equities forward according to the Wall Street Journal:

- Resurgent Companies – earning growth
- Brighter global outlook – global growth is projected to pick up
- Cautious Federal Reserve – the U.S. economy is expanding while inflation remains tame
- Passive inflows – money flowing into index-tracking mutual and exchange-traded funds has fueled indiscriminate buying divorced from corporate fundamentals
- Lack of alternative – with bonds paltry yields, stocks remain investor’s asset class of choice. ¹

Consider the following table:²

Index	January 1, 2017	October 1, 2017	November 1, 2017	YTD
DJ Industrial Average (DJIA)	19,762	22,405	23,377	18.3%
DJ Transportation Average	9,043	9,914	9,758	7.9%
DJ Utility Average	659	723	753	14.2%
DJ Total Market	23,276	26,148	26,687	14.7%
NASDAQ Composite	5,383	6,495	6,727	25.0%
S&P 500	2,238	2,519	2,575	15.0%
S&P Mid Cap 400	1,660	1,795	1,835	10.5%
Russell 2000	1,357	1,490	1,502	10.7%

For October, the DJIA outpaced both the S&P 500 and the NASDAQ Composite: 4.3% vs. 2.2% vs. 3.6%.³ As mentioned above, global growth benefits large multi-national companies and with more than two-thirds of the DJIA having reported results for the third quarter, the index was on track to post earnings growth of 6.3% from the year-earlier period.⁴

Global economic acceleration so far has been stronger than anticipated. The International Monetary Fund raised its forecast for growth to 3.6% for 2017 and 3.7% for next year; up from 3.2% recorded in 2016.⁵ Please note the following foreign stock market results:⁶

Index	November 1, 2017	YTD
DJ Global ex US	258	21.0%
Santiago IPSA (Chile)	4,240	31.6%
FTSE MIB (Italy)	22,793	18.5%
Hang Seng (Hong Kong)	28,245	28.4%
S&P BSE Sensex (India)	33,213	24.7%
Kospi (South Korea)	2,523	24.5%
DAX (Germany)	13,229	15.2%
Nikkei Stock Avg (Japan)	22,011	15.2%
CAC 40 (France)	5,503	13.2%
FTSE 100 (U.K.)	7,493	4.9%
S&P/TSX Comp (Canada)	16,025	4.8%

The domestic bond market remained expensive and rates have stayed low. On November 1st, the Federal Reserve held interest rates steady, as anticipated. The 10-year U.S. T-note closed October at 2.38% while the 90-day T bill yielded 1.15% and the 30-year T bond finished at 2.88%.⁷

Investors have poured a record \$380 billion into ETF’s this year – mostly in low-cost index funds.⁸ As of month-end the State Street “spider” S&P 500 led the charge holding \$252.6 billion in assets.⁹ Investor inflows into U.S. ETF’s outstripped mutual-fund

¹ Wall Street Journal Five Theories ‘Why Stocks Keep hitting Records’ P A1 8/4/17

² Markets.wsj.com/usoverview 1/1/17 ; Wall Street Journal Major US Stock-Market Indexes P B11 10/2/17

³ Wall Street Journal Dow Surpasses S&P, Nasdaq PB1 11/1/17

⁴ [Ibid](#)

⁵ Wall Street Journal Global Economic Expansion Exceeds Forecasts PA8 10/11/17

⁶ Wall Street Journal International Stock Indexes PB13 11/1/17

⁷ market.wsj.com/overview 11/1/17

inflows for 18 of the past 19 months.¹⁰ We believe that continued investing in passive ETF's has been the prime contributor to low volatility. As of mid-October the S&P 500 has broken the record set in 1995 with the longest period without a 3% correction on a trading day.¹¹

Growing revenue and profits are the "mothers' milk" that ultimately rewards investors. The U.S. grew at a solid 3% annual pace in the third quarter despite damage from two hurricanes. This follows a second quarter growth rate of 3.1%.¹² The last time the economy had two consecutive quarters at or above 3% growth was in 2014.¹³ Some key factors:

- Business investment rose 3.9%¹⁴
- 261,000 jobs were added to the economy in October¹⁵
- Sales of new U.S. single-family homes rose in September – highest level in 10 years¹⁶
- Institute for Supply Management reported the non-manufacturing index edged up to 60.1% from 59.8%, recording the best level since August 2005¹⁷
- U.S. exports increased 1.1% to \$196.8 billion in September – the highest level since December 2017¹⁸
- U.S. factory orders rose 1.4% in September – the third gain in the last four months¹⁹
- The University of Michigan consumer sentiment in October was the strongest in 13 years²⁰

As of the end of last week (November 3) both the DJIA and the S&P 500 notched their eighth consecutive weekly gain, their longest winning streak in nearly four years.²¹ The NASDAQ Composite reached its 63rd record close, spurred by Apple's reporting strong earnings in 3rd quarter 2017.²² As we continue our march forward it is worthwhile to recall the crash of my younger professional years – October 19, 1987 commonly referred to as "Black Monday".

Stock markets around the world crashed. The collapse started in Hong Kong, spread to Europe and hit its finale in the U.S. The DJIA fell 508 points to 1,738 or 22.6%. The S&P 500 lost 20.5% while the NASDAQ Composite lost "only" 11.3%. As of October 19, 2017 the DJIA closed at 23,163 up 1,232% from "Black Monday's" closing value. If one invested \$100,000 on Friday, October 16, 1987 in the DJIA, by the Monday market close the value would have fallen to \$77,420. Today the same investment would be worth well over \$2.1 million!²³ It is interesting to note that 1987 was a positive year for the DJIA as well as other major indices.

What does this 30 year anniversary of "Black Monday" mean to us today? We have endured 500+ point down days 17 times since 1987. We endured corrections, "bear" markets and even the strange May 6, 2010 "flash crash" and yet our clients have been rewarded over the years and decades. Using our various investment strategies – from conservative to growth with a value-oriented bias, we anticipate fulfilling our motto here at Marathon - "**wealth building for the long run**". We wish you a happy and profitable November!

Sincerely,



George Gumbiner

⁸ [Wall Street Journal](#) Rise of ETF's Leaves Investment Industry Fighting for Scraps P.B9 11/6/17

⁹ [Wall Street Journal](#) Tracking Exchange Traded Portfolios

¹⁰ [Wall Street Journal](#) Rise of ETF's Leaves Investment Industry Fighting for Scraps P.B9 11/6/17

¹¹ [Lpl research.com](#) Here it Comes: The Longest Streak Ever Without a 3% Correction 10/22/17

¹² [www.marketwatch.com](#) GDP grows at stronger-than-forecast 3% rate 10/27/17

¹³ [ibid](#)

¹⁴ [ibid](#)

¹⁵ [www.marketwatch.com](#) U.S. adds 261,000 jobs in October 11/3/17

¹⁶ [www.reuters.com](#) U.S. new homes sales race to nearly 10-year high 10/25/17

¹⁷ [www.marketwatch.com](#) ISM services index improves to 12-year high 11/3/17

¹⁸ [www.marketwatch.com](#) U.S. exports surge to nearly 3-year high 11/3/17

¹⁹ [www.marketwatch.com](#) U.S. factory orders climb 1.4% in September 11/3/17

²⁰ [www.maketwatch.com](#) Consumer sentiment in October at a 13-year high 10/27/17

²¹ [Wall Street Journal](#) Stock Indexes Hit Records on Apple Gains P B10 11/4/17

²² [ibid](#)

²³ [Oppenheimer Funds Distributor](#) The Crash of 87 was 30 Years Ago Today 10/19/17